



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

January 18, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

**WASHINGTON, D.C. UPDATE**

**Proposed Medicaid Rule**

Today, the Centers for Medicare and Medicaid Services issued the long-awaited proposed rule, which would limit Medicaid reimbursement to government providers to no more than the cost of providing services to Medicaid recipients. States currently are allowed to make payments in excess of cost. The proposed rule also includes language which would:

- More narrowly define a unit of government for Medicaid purposes, including for determining which governmental entities may share the non-Federal share of Medicaid costs, such as through the use of intergovernmental transfers;
- Clarify the documentation required to support a certified public expenditure used to finance part of the non-Federal share of Medicaid costs;
- Require that providers receive and retain the full amount of the computable payment provided to them for services furnished to Medicaid recipients;
- Modify current Medicaid upper payment limit (UPL) rules to conform to the above changes. Unlike the UPL rules which impose statewide aggregate limits on payments, this proposed rule limits payments to individual providers; and
- Apply the proposed rule's provisions to the State Children's Health Insurance Program in addition to Medicaid.

Each Supervisor  
January 18, 2007  
Page 2

The proposed rule would implement these changes effective on September 1, 2007. Public comments on the proposed rule are due by March 19, 2007. The County's Department of Health Services is analyzing the potential impacts of the proposed rule.

### **September 11 Commission Recommendations**

On January 9, 2006, the House passed H.R. 1, which would implement some of the recommendations of the September 11 Commission on Terrorist Attacks upon the United States (commonly known as the 9-11 Commission). Of County interest, the bill includes provisions which would allocate homeland security grant funding based on terrorist risks, and reduce the small state minimum (SSM) guarantee from the current 0.75 percent of total funding to 0.25 percent, except for a guarantee of 0.45 percent for any border state. This change would increase California's percentage share of total funding. These provisions are similar to those contained in H.R. 1544 (Cox, R-CA), which passed the House in May 2005. However, as in the case with that bill, it will be difficult to secure sufficient support for reducing the SSM in the Senate due to strong opposition from Senators representing small population states, which greatly outnumber big population states, such as California, Texas, New York, and Florida.

H.R. 1 also would establish a new interoperable communications grant program for which such sums as may be necessary would be authorized in the first fiscal year after the completion of a national emergency communications plan. The Department of Homeland Security also first must determine that substantial progress has been made toward development and promulgation of emergency communications equipment and technology standards.

We will continue to keep you advised.

DEJ:GK  
MAL:MT:hg

c: All Department Heads  
Legislative Strategist